United Nations A/54/153 – E/1999/93

General Assembly
Economic and Social Council

Distr.: General
25 June 1999

Original: English

General Assembly
Fifty-fourth session
Item 20 (b) of the preliminary list*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

Economic and Social Council
Substantive session of 1999
Geneva, 5–30 July 1999
Item 5 of the provisional agenda**
Special economic, humanitarian and disaster relief assistance

Assistance for the reconstruction and development of Djibouti

Report of the Secretary-General

I. Introduction

1. The present report is submitted pursuant to General Assembly resolutions 48/198 and 50/58 F, 51/30 E, 52/169 K and 53/1 J on assistance for the reconstruction and development of Djibouti. It provides a brief description of the progress made in the implementation of the most recent resolution.

II. General situation

2. The country covers an area of 23,000 square kilometres (km^2), characterized by an arid climate and extremely limited water and agricultural potential. However, the country is strategically situated in the Horn of Africa at the juncture of the Red Sea and the Indian Ocean. It has a coastline of 370 km and common borders with Eritrea in the North, Ethiopia in the West and South, and Somalia in the South-East. Djibouti is the natural commercial door for Ethiopia.

3. The majority of Djiboutians are from the Afar and Somali ethnic tribes; the other groups are Yemeni Arabs and French. The country's population was estimated at 620,000 in 1996, mostly urban and concentrated in the capital, Djibouti City, where almost two thirds of the population reside. The annual natural growth rate is estimated at 3.1 per cent but the actual population growth rate for the past decade has been 5 per cent. In addition, there is a large refugee population from neighbouring countries, which has placed enormous strain on the meagre resources available. The total number of refugees and displaced persons is not known, and estimates range from 100,000 to 150,000.

4. According to the *Human Development Report 1998*,[1] Djibouti is ranked 162 among the 174 countries reviewed. The overall social situation of the country is precarious due to the limitations of the education and training system, inadequate health facilities, the limited natural resources, and the very small private sector. The adult literacy rate is

* A/54/50.
** E/1999/100 and Add.1.

99-18752 (E) 010799

no more that 45.5 per cent, while life expectancy at birth is one of the lowest in the world (49 years).

5. Women play an active role in the economy of Djibouti, especially in the informal and small-enterprise sectors, and constitute 32.2 per cent of the labour force. In the formal urban sector, women are employed mainly as clerical or administrative staff, while in rural areas they play an important role in livestock raising.

6. According to the available data, non-Djiboutians that were unsettled by the conflicts in the Horn (i.e., immigrants/refugees) consume more than 50 per cent of the Djiboutian health services. With the health system completely free for all and with the increasing numbers of beneficiaries, the system can no longer provide adequate services to the entire population. In addition, the internal armed conflict has caused physical damage to the health infrastructures.

7. Djibouti's primary education is currently provided by a network of 64 public and nine private schools. Student/teacher ratios in primary schools range from 34 to 43 in the rural areas and are about 46 in the city. Some schools with large numbers of students are forced to practise double-shifting, a system which may have to be extended if the growing demand for more public education cannot be met by increased investment in more schools. In some areas, schools have been closed because of lack of adequate infrastructure and teachers.

8. The employment situation is closely linked to the educational sector. Each year, more than 4,000 young people have no access to a general secondary education or to any kind of professional training. They arrive in the labour market without any qualifications. The number is expected to grow within the next few years, particularly in Djibouti City as internal migration from the rural areas to the capital increases due to the shortage of pasture and fertile land.

9. Djibouti has a dual economy which is characterized by an important informal sector serving a population with low purchasing power, and by a modern economy based on a solid port and airport infrastructure, serving a population with a high purchasing power which depends almost entirely on imports.

10. It is estimated that more than 80 per cent of the enterprises fall into the informal and semi-informal sector, including a large number of informal microenterprises. Women, who figure strongly in this sector, could perhaps play an increased economic role if they were to have increased access to microfinancing.

11. In the absence of significant natural resources, the economy of Djibouti is based on services, a sector which contributed about 78 per cent of the country's gross domestic product (GDP) in 1998. The agricultural and industrial sectors remain very small (respectively 3 per cent and 20 per cent of GDP). Djibouti enjoys a relative regional comparative advantage thanks to its efficient transport infrastructure (port, airport, railroad), banking establishments and telecommunications facilities. It has one of the most liberal economic regimes in Africa. Its currency is freely convertible, and there are no controls on capital movement.

12. Economic indicators for Djibouti have been declining in the past few years. That factor is largely owing to the structural trade deficit, with a high level of imports and a low level of exports. The armed conflict in the North and South-West, which forced most of the country's development projects to a halt, and the unstable socio-political situation prevailing in Ethiopia and Somalia have accelerated the deterioration of the Djiboutian economy. Real GDP grew on average by 4 per cent over the period 1988–1992 and has declined since then to 1.5 per cent in 1997. Income per capita has experienced a real decrease, contracting by about 20 per cent over the past five years.

13. The Government's budget deficit in 1997 (excluding external budgetary grants) is about 8.1 per cent of GDP, the arrears increased to 1.1 per cent of GDP, and the unpaid bill to local suppliers, despite a slight improvement in 1998, is still comparable to last year's. The trade balance was negative in 1997 and according to the local Central Bank represents 32.1 per cent of GDP. Before it stopped paying its debts, the Government used its reserves for letting arrears accumulate. The public enterprise sector has had a serious cash problem, compounded by its contribution to the governmental budget — the Government owes US$ 90 million to public enterprises. The situation has worsened since 1995: arrears, which increased to 1.1 per cent of GDP, are still affecting civil servants' wages, external assistance has become rare and loans from public enterprises difficult to obtain.

III. Current situation

14. The democratic process initiated after the signature of the peace agreement with the opposition has led to a new multi-party political system. The first experience with the new system was the parliamentary elections of 1997, which resulted in the representation of the opposition group in the

national parliament and was followed by a coalition Government of national unity.

15. A second development in the political process came with the announcement that the first and only President since independence in 1977, Hassan Gouled, would not run in the presidential elections at the end of his term. The ruling party designated a new candidate who has since won against the representative of a broad and unified opposition parties and groups. As of May 1999, the country has its second elected head of State, Ismail Guelleh. The Government invited some external entities and bilateral countries to dispatch observers to the elections, which took place on 9 April 1999. Observers from such organizations as the Organization of African Unity (OAU), the League of Arab States, the Francophonie secretariat and some Arab, European countries embassies' representatives and the United States responded to the Government's invitation.

16. As a result of the Ethiopia-Eritrea dispute, Djibouti port activities, which have been absorbing only 25 per cent of the Ethiopian traffic so far, increased substantially in 1998, with a positive revenue impact for the Government and GDP. However, this sudden increase in the volume of Ethiopian import traffic through Djibouti has placed heavy demands on the port of Djibouti and related infrastructure. The country's main challenge today is to try to take advantage of this challenge, which has investment and capacity-building implications.

17. At the social level, conditions of life continue to be characterized by a decreasing purchasing power, which is in a worsening trend in 1997/98. In 1998, salary payments to civil servants were not always effected due to the high budget deficit. Poor health conditions, the low level of educational facilities and a workforce with limited qualifications also continue to hamper social progress.

18. Djibouti has initiated a demobilization programme with assistance from France and the European Union (EU). Of the 18,000 soldiers to be demobilized, about two thirds have received financial incentives to leave the army. Despite many obstacles in the demobilization process, according to the statistics provided by the Demobilization Unit of a World Bank-funded technical assistance project, another 750 soldiers have been successfully demobilized from June 1998 to date. However, those being demobilized face difficulties getting employment because of their low qualifications, unadapted skills and the state of the economy. The demobilization programme needs to be carefully synchronized with a socio-economic reinsertion programme as well as with ongoing rehabilitation activities in the regions affected by the conflict.

19. In 1998, frequent power failures and cuts continued to arrest any possibilities for growth in the services sector, greatly reducing the productivity of the labour force. Electricity ran for only about 4 to 6 hours a day. The power plant ran for only 10 per cent to 20 per cent of its capacity. However, the overall power situation is expected to improve and hopefully return to normal by the end of 1999 due to certain measures that the Government is undertaking in terms of strengthening this sector and negotiations to obtain some loans for the purpose.

20. The country is still facing financial obligations largely exceeding its capacity, while sources of financing both internal and external are shrinking. Development assistance has decreased and the number of French military personnel (the major contributor to GDP at almost 60 per cent) is diminishing.

21. The Government has signed a stand-by agreement with the International Monetary Fund (IMF). This agreement foresees the reduction of public spending, the consolidation of fiscal policy, the implementation of financial control procedures and increased efforts to improve economic management. However, the implementation of the agreement has run into serious problems, notably due to a lack of funds for demobilizing soldiers called up during the civil war. In May 1997, a round table of donors partially alleviated this constraint: France and the EU agreed to assist in the demobilization process. Consequently, negotiations started with IMF to conclude a structural adjustment agreement financed against the Enhanced Structural Adjustment Facility, which is now expected to be signed in June 1999. The IMF programme is backed by World Bank funding, which includes institutional reforms, consolidation of the public sector and financial stabilization. The implementation of the programme, which began in 1997, is still ongoing.

22. In Djibouti City, where 65 per cent of the population live, and in certain coastal areas, the water points have reached a high degree of salinity. A recent report indicates that a dramatic shortage of drinkable water for the Djibouti City population can be expected in about the year 2000. The human immunodeficiency virus (HIV) and other diseases, such as tuberculosis, are prevalent, and last year's heavy flooding led to outbreaks of malaria and cholera.

IV. Major issues

23. Since the peace accord which ended the civil strife, reconstruction and development have been under way but slow. The social reintegration of the demobilized soldiers

and their socio-economic reinsertion remain priorities for the country. Social infrastructures, such as hospitals, dispensaries, schools and water points, have to be reconstructed so that the displaced population can be resettled. Development activities need to be initiated in support of primary health care, primary schools and income generation. Environmental problems related to desertification are very serious. They have been exacerbated by urban and rural poverty, which is both a cause and an effect of environmental degradation.

24. Even if all the political and administrative difficulties encountered in the execution phase of the rehabilitation programme for the war-affected districts have not yet been overcome, several activities have been successfully implemented to favour the sustainable resettlement of the displaced persons, such as the rehabilitation of Obock-ville's Hospital and Dikhil-ville's water supply facilities, as well as the implementation of a small-scale microcredit project targeting the women of Tadjourah.

25. Budget reductions have seriously affected education, health and social sectors. Djibouti's education system is currently under pressure to meet the challenges of growing unemployment, rising demand from a young population and a large influx of refugees. High drop-out rates, at both the primary and intermediate school levels, also adversely influence the employment potential of Djibouti's youth. Technical and vocational training is very limited, and there is a need for new policy ideas in education and employment. The country receives technical and financial support from the World Bank through a social fund, a mechanism aimed at tackling the social consequences of the structural adjustments and at alleviating poverty.

V. Role of the United Nations

26. There is close cooperation among United Nations agencies and an increasing focus on social development. Efforts to define a common strategy on programming matters based on the development priorities of the country have been intensified recently. United Nations activities in Djibouti currently concentrate on health, food security, rehabilitation and reconstruction, environmental issues and capacity-building, refugee repatriation, governance, gender mainstreaming, and integration of NGOs and the civil society in development.

27. Within the framework of General Assembly resolution 50/58 F, the UNDP-funded reconstruction and rehabilitation programme for conflict-affected regions of Djibouti, which was started in 1996, continues to achieve its objectives within national priorities of the country. The US$ 1.7 million programme aims at establishing a framework for future action and enhancing national capacity to articulate and manage national reconstruction and rehabilitation. Small projects that are directly identified by the communities through representative development committees are funded under the programme. A UNDP-financed programme for governance assists with economic reform, decentralization and regional planning, as well as public administration capacity assessment. Two other UNDP-funded programmes include providing assistance to the newly established bureau for the promotion of women and family issues and capacity-building for non-governmental organizations. Under the disaster management programme, UNDP is assisting the Government in building its capacities for disaster prevention, mitigation and management.

28. With funding from the Global Environment Fund (GEF) and under the Capacity 21 fund, the United Nations Development Programme (UNDP) is assisting the Government in capacity-building to implement all the global conventions and to manage the environment. Plans are also under way to assist the government resolve in a sustainable way through a geothermal programme.

29. Under the Joint and Co-sponsored United Nations Programme on HIV/AIDS (UNAIDS) UNDP, in collaboration with the World Health Organization (WHO), the United Nations Population Fund (UNFPA) and the French Government are supporting the Government's national programme against HIV/AIDS, in close collaboration within a very active thematic group under the auspices of the resident coordinator. Since 1996, UNDP, within the framework of UNAIDS, has been developing a process which led to the elaboration of a juridical and ethical frame. Various national partners and many other actors involved in the fight against AIDS have been closely associated with the process. Funds for reducing the socio-economic impact of HIV/AIDS are exhausted, and at present UNDP is trying to mobilize additional resources to continue the effort against the epidemic.

30. A major component of the structural adjustment programme still remains the demobilization process, which has not yet been completed. UNDP and the World Bank have provided financial support to strengthen the National Demobilization Committee's capacity to implement the programme. This process has been ongoing since early 1997. The World Bank is also funding a technical assistance programme aimed at accompanying the financial stabilization process. The programme has three major components, including public enterprise reforms and

privatization, institutional reforms, demobilization and social reinsertion.

31. The Office of the United Nations High Commissioner for Refugees (UNHCR) has, since 1994–1995, repatriated about 35,000 Ethiopian refugees from refugee camps in Djibouti to their homeland. There are indications that most of the 18,000 Djiboutians who fled the civil war have returned spontaneously, though it is estimated that there remain 3,000 to 6,000 Djiboutian refugees in Ethiopia. As of 1 January 1998, there were 1,056 Ethiopian refugees in the Djiboutian camps, along with 21,000 Somali refugees. In December 1998, 682 more Ethiopian refugees were repatriated successfully. Uncertain political and security problems, particularly the lack of clearance of some 440,000 landmines in the areas of origin of the Somali refugees in North-West Somaliland, have so far hampered any effective repatriation of Somali refugees.

32. The World Food Programme (WFP) is continuing its assistance to schools, hospitals and orphanages in districts that were directly affected by the war, and is working with NGOs to help provide food to some 2,000 malnourished children in clinics. Over 4,000 children have been assisted in the WFP school programme over the past four years. It should be noted that the percentage of girls in schools has increased to 42 per cent of the total, and the Ministry aims to reach 50 per cent countrywide over the next two years. WFP is also assisting women's adult literacy programmes.

33. WFP is studying the possibility of implementing a quick action project for rural people, particularly nomads, because they are highly vulnerable, have the worst rates of chronic malnutrition and can easily become acutely malnourished whenever there is a drought. It is trying to enlist the support of other specialized donors, both bilateral and United Nations (Food and Agriculture Organization of the United Nations (FAO)/International Fund for Agricultural Development (IFAD)) to support hydro-agricultural activities for these populations. Meanwhile, WFP has been able to assist over the last several years, either with direct multilateral drought emergency food aid, or indirectly by encouraging bilateral donors to give food aid on an emergency basis to nomads who are located in the districts affected by the war.

34. For the past seven years, since the beginning of the 1990s, WFP has been providing all the food requirement for the need of the Somalian and Ethiopian refugees, of whom 22,000 are still in the two camps.

35. Within the framework of the United Nations Children's Fund (UNICEF) regular programme, in collaboration with French cooperation, UNICEF and the Ministries of Health and Education rehabilitated and equipped 90 per cent of the schools and health centres destroyed during the internal conflict in three of the country's five districts. UNICEF provided equipment to the rehabilitated schools and clinics, and supported the training of teachers and health workers. Some 183 health workers were trained in integrated management of childhood and 203 traditional birth attendants in safe delivery techniques. UNICEF provided basic health kits to mobile teams in two districts (Dikhil, Ali Sabieh), and helped to set up a new central vaccine cold room.

36. Following a study in 1996, more emphasis was put on facilitating distance learning for girls and children who had dropped out of school, as well as supporting local NGOs and community associations in establishing low-cost community schools and various forms of non-formal education. The initiative supported the construction and equipping of two schools in peri-urban areas, where the majority of war-displaced people live. It also supported female literacy activities in partnership with local NGOs in order to enhance women's social, economic and political empowerment. In the same spirit, the Government instituted the Division for the Promotion and Development of Women's Affairs within the President's Office. Safe drinking water supply activities focused on rural districts. With the help of a contribution from the Government of Italy, 50 reservoirs (2,000 litres) and three water trucks were supplied to three districts (Dikhil, Obock, Tadjourah) in response to an emergency appeal during the 1996 drought. With the help of the Canadian Fund, a two-and-a-half km water pipeline was constructed providing safe drinking water to 18,000 people in suburban areas of the capital.

37. The quinquennial regular UNICEF/Djibouti cooperation programme 1999–2003 has been approved and has just started. This programme's main areas of focus are promotion of health and education, advocacy for the protection of women and children's rights. The overall budget allocated to this cooperation framework amounts to nearly $7 million.

38. Within the framework of its mandate, WHO is providing assistance to Djibouti in its reconstruction and rehabilitation efforts. The approach advocated by WHO is to have the community involved in solving local health problems. WHO gives priority to the programme of basic development needs, whose strategy is the self-reliance of the community. The programme, for which $38,000 is available, has already started in districts of Djibouti and Dikhil, and will be initiated in the coming months in the district of Tadjourah and later extended to the whole country. WHO expects other partners, particularly United Nations agencies,

to support this initiative. WHO also considers water supply and sanitation as an important concern, for which $39,500 has been provided. Concerning disease control, another area of WHO concern which includes several health programmes, particular attention has been paid to the strengthening of the capacity of the country to prevent and respond to epidemic diseases, for which $208,500 is available in addition to $100,000 that will be provided to the malaria programme in 1998 alone. Concerning HIV/AIDS as a particular problem, WHO as a member of UNAIDS has and will continue to participate in local activities through the thematic group within the resident coordinator system in order to reinforce the potential capacity of the national AIDS programme. At present, in addition to its technical and advocacy role, WHO contributes financially to the prevention and control of HIV/AIDS activities directly through its regular budget. It is understood that WHO, in collaboration with other partners, will continue to provide technical assistance, wherever needed, to the training of health personnel and to supplying drugs and medical equipment, particularly in the northern part of the country, which was severely affected during the war of 1991–1994.

39. Living conditions in the refugee camps are basic, and there is little prospect of introducing income-generating activities there. The four camps are located in remote sites close to the Ethiopian and Somali borders. Food assistance is provided by WFP, and medicine and nutritional advice by the Association of Medical Doctors of Asia, and UNESCO helps to educate about 1,500 refugee children in the camp schools. The Eglise protestant evangélise de Djibouti is providing limited social assistance to urban refugees living in Djibouti City. In addition to its role of providing international protection to refugees, UNHCR is funding and ensuring the overall supervision and monitoring of the assistance programme.

VI. Conclusions

40. Two years after the round table of May 1997, many of the promising pledges made by certain donors have yet to materialize.

41. Djibouti's difficulties and problems are first and foremost related to the economic and the financial crisis, which resulted from the civil strife and the change in the international and subregional situation. In addition, recurring emergency situations (drought, flood, epidemics etc.), combined with large-scale destruction of livestock, water points, large movement of displaced populations, health and education facilities as a result of the internal conflict in the country, have considerably increased Djibouti's need for emergency and humanitarian assistance.

42. The rural population in the country's five districts consists mainly of nomadic herdsmen living precariously on pastures depleted by drought and overgrazing. This situation has resulted in extensive livestock losses and reduced milk production to almost nothing. Drought also affects the urban population, with Djibouti City facing severe water shortages, especially in the summer months. There is an urgent need to find a way to make best use of rainwater and to explore additional water resources.

43. The rehabilitation process already initiated has to be strengthened. Djibouti still needs to rebuild much of its rural infrastructures so as to enable people to return to their original homelands. Schools, roads, hospitals, water facilities and dispensaries have to be reconstructed. Microcredit programmes and projects and programmes with high labour intensity have to be implemented to encourage the population to return to their villages. There is also a need to promote income-generating activities by introducing small-scale agriculture at the rural level. It is estimated that at least US$ 100 million is needed to mitigate the socio-economic impact of the civil war.

44. Building national management capacity in support of sustainable human development remains a vital priority. Assistance is needed in the fields of governance, administrative reform and economic management. It is also important to support the training of national officials to contribute to rebuilding the fragile and declining economy.

45. Djibouti will have to find a way to enable the refugees and the displaced of neighbouring countries to return to their countries of origin. This can be done with the active support of the Intergovernmental Authority on Development and UNHCR.

46. The education system needs to be modified to respond to Djibouti's needs and to avoid an increasing number of dropouts. At the same time, consideration must be given to how to provide opportunities to those without qualifications or with limited qualifications.

47. The Secretary-General remains deeply committed to the implementation of General Assembly resolutions 48/198, 50/58 F, 51/30 E, 52/169 K and 53/1 J. He calls upon the international community to provide financial support to enable him to provide technical assistance for meeting urgent socio-economic programmes for the reconstruction and development process in Djibouti.

Notes

[1] New York, Oxford University Press, 1998.